A SYNOPSIS

On

IMPACT OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERHIP STYLE ON ORGANISATIONAL PERFORMANCE: A STUDY WITH SPECIAL REFRENCE TO SMEs OF RAJASTHAN

for

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INTRODUCTION

Leadership influence in large complex organizations, though commonly assumed to be greatly significant is normally not studied in terms of variance accounted for in organizational performance. The leadership effect viewed here as a product of an organisations environmental constraints and its leadership variance. The options of organizations leaders are restricted by both the organisations internal structure and its social milieu. Therefore a basic proportion in sociology is that a group of leaders ability to implement goals reflects not only his distinctive qualities but also social and environmental limits. When one talks about a leader's time being "right" or "wrong" , he implies an interaction between leadership qualities, policy direction and social environment. Conventional views of organizational leadership have generally assumed that leaders have a significant and possibly crucial impact on the performance of the organizations they head but this "individualist" view has been increasingly questioned by "contextualist" who emphasize the constraints that are placed on leaders by situational factors (Hall,1977;Pfeffer and Salancik,1978).

Leadership is always been the most concerning and talk-about issue for the organizations now a days. The Leaders are those charismatic individuals who establish a directions for a working force , attaining commitment from group of members to form a new ways and also motivates members to achieve the outcomes from those desired directions. (Conger, 1992,).

Since ages ,leadership do have a central role in evolution and cultivating an organization. As the business goals cannot be achieved without adopting any strategic business process, likewise the success and sustainability also cannot be accomplished without an effective leadership. From allocation of resources to alignment, from perception of things to decide future focusing, from commitment and motivating the people, to get the goals of an organization, to confirm the sustainable growth it is a leadership whose footprints are everywhere (McGuire, 2003,).Most of the organizations agrees that effective leadership is one of the important and crucial factor for organization success and sustainability. For organizations to sustain or live up to their profitability and growth, they will require effective leaders to create the context that will enable their employees to take new challenges and achieve superior business results. However without effective leadership, productivity ,innovation and profit in organization would not only gets affected but also survival and future of the organizations would be at risk too.(Zaccaro and Klimoski,2001; and Yuki ,2001). Latest research also highlights that the influence factor is one of the critical elements in leadership studies Northouse (2004) and Kearns (2005).Leadership involves a systematic process of influencing the activities of an organized group towards achievement of the goals (Behling& Rauch 1985).According to Ngambi et al. (2010) and Ngambi (2011), cited in Jeremy et al. (2011), leadership is a process of influencing others'

commitment towards realizing their full potential in achieving a value-added, shared vision, with passion and integrity. The nature of this influence is such that the members of the team cooperate voluntarily with each other in order to achieve the objectives which the leader has set for each member, as well as for the groupQuoting the example of Winston Churchill to stress on this point. Churchill's gutsy leadership as prime minister for Great Britain successfully led the British people away from the brink of defeat during World War II. He raised his people hopes with the words, 'These are not dark days; these are great days -- the greatest days our country has ever lived. A key component in a leader's ability to be effective is measured by the effectiveness of a particular leader, to influence the employees and motivate them to excellent performance. Leadership produces change and includes establishing direction through visioning, aligning people with the vision and strategies, and motivating and inspiring staff.. It is argued that effective leadership has a positive influence on the performance of organizations(M,artz1995,Bass,1997,and Charlt1929), ultimately it is the performance of many individuals that culminates in the performance of the organization or in the achievement of organization goals. The ability to unite the organization to work towards the organisations goal is the role of an effective leader and it is critical to organisations success and performance(Stahl2007).Ireland and Hitt (2005) stated that leadership is important to an organisations success and business performance especially in the competitive environment in which firms are presently operating. Leadership is a critical management skill , involving the ability to encourage group of people towards common goal. Leaders can appear at any level of an institution and are not exclusive to management. Successful leaders do, however, have one thing in common. They influence those around them in order to reap maximum benefit from the organization's resources, including its most vital and expensive.

BACKGROUND OF THE STUDY

Many factors can affect organizational performance. A number of researchers have found that leadership is one of the most significant contributors to organizational performance (Agle, Nagarajan, Sonnenfeld, &Srinivasan, 2006; Felfe&Schyns, 2004; Peterson, Martorana, Smith, & Owens, 2003). The relationships between the leader and employee, as well as the quality of employees' performance, are significantly influenced by the leadership style adopted by the leader (Jeremy et al., 2011) An understanding of the interplay between leadership style and organizational performance is an important factor for developing effective organizations. Finding ways to optimize the performance of people and hence, the organization has been, and continues to be, a major concern for organizational leaders. The Leadership style in an organization is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organization. Thus, Glantz (2002) emphasize the need for a manager to find his leadership style. The success and failure stories of a leader are controlled by the style of leadership of individual leader.. Conventional beliefs stated that leaders sways the performance of the organizations they lead Thomas,1988).According to Nave(2006) the success or failure of

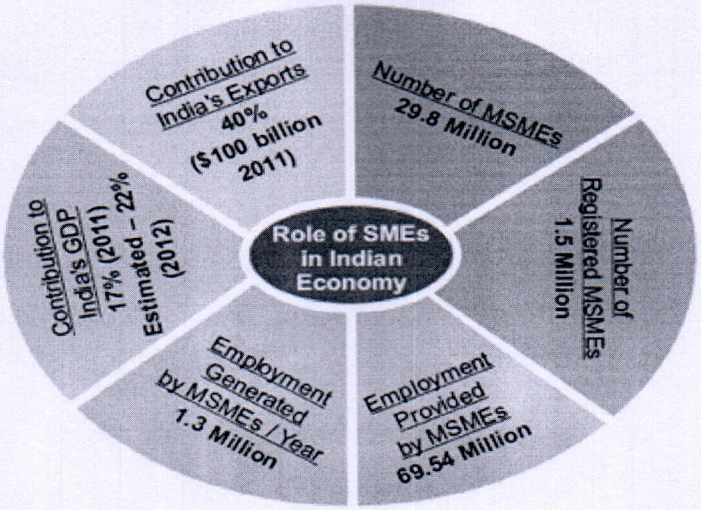
the business counts on the leadership style employed by the leaders Effective leadership is vital and needed by all types of organizations) In fast-moving , altering and progressively more cutthroat large-scale , small and medium enterprises are found to put forth a convincing effect on the economies of many countries (Ghobadian& gallear,1996,Ladzani& Vuuren,2002).The SMEs have interposed appreciably to job fabrication, shared constancy ,and economic aid of the countries. Investigations verified that SMEs have pieced first and foremost position in fostering economic expansion and progression, spawning employment prospect and plunging impoverishment (Arinaitwe, 2006, Ayyagarietal, 2005, karides, 2005, O'Regan & Ghobadian , 2004, Adretsch, 2002).A successful economy depends upon small business being productive and competitive (beaver2003).Small business is engines of economic growth through employment and innovation (fuller 2003). "The key to our success in employment lies in the success of manufacturing in the small scale sector". (Dr. Manmohan Singh India, Fsormer P.M) .The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, which defines micro, small and medium enterprises as under

Table 1. Categorization of Micro, Small and Medium Enterprises

Enterprises	**Investment in Plant and machinery (Manufacturing)**	**Investment in Equipment (Service)**
Micro	Up to Rs25 lakh	Upto Rs. 10 lakh
Small	Above Rs25 lakh to Rs. 5 crore	Above Rs. 10 lakh upto Rs. 2 crore
Medium	Above Rs 5crore upto Rs. 10 crore	Above Rs. 2crore upto Rs. 5 crore

Source: http: //www.sme. gov.eg/English publications/Issue2 english.pdf

In India as per available statistics on the basis of report submitted by Ministry of small and medium enterprises (MSMEs2012), small and medium enterprises (SMEs) constitute 17% of GDP, 40% of national exports and account for the employment of more than 60 million people .The contribution of the SME sector to the entire output of the country is 40%. Currently, there are over 29.8 million SME units in India that produces more than 6000 products .SMEs are the engine growth of any country's economy.


Role of SMEs in Indian Economy
Number of MSMEs 29.8 Million
Number of Registered MSMEs 1.5 Million
Employment Provided by MSMEs 69.54 Million
Employment Generated by MSMEs / Year 1.3 Million
Contribution to India's GDP 17% (2011) Estimated – 22% (2012)
Contribution to India's Exports 40% ($100 billion 2011)

Source: SMEs chamber of India.com

The SME sector is indeed a major economic player in Indian economy. To be globally competitive, SMEs will need to have leaders pertaining to leadership styles which is eventually the manner and approach of providing direction, implementing plans, and motivating people Leadership in these enterprises is, therefore crucial to their direction and survival (Ghosh,Liang ,Meng and Chan 2001;O'Regan & Ghobadian 2004). There is a strong influence of owner/manager (specifically leadership and leadership style) not only on operations of business but also on the strategy and culture which apparently impacts the success/failure of the business. According to Perry (2001) and Beaver (2003) ,poor leadership practices in small business are the cause of many small business failures. Gordon &Yuki(2004) advocated more research on leadership skills relevant to turbulent small business environment. Despite the importance of leadership and increased knowledge in leadership, little is actually known about leadership in small business. In 1980, Beaver(2003) examined records from 200 bankrupt small businesses, from which was concluded the primary failure of organisations was lack of leadership ,knowledge and neglect by management. Leadership style is critical to the success of small business. Scheers & Radipere were of the opinion that small business failures were caused by poor leadership and management skills.

LITERATURE REVIEW

Leadership is life blood of any organization and its importance cannot be underestimated. Many authors have studied this phenomenon, but there is no conscious definition of what leadership is, no dominant paradigm for studying it, and little agreement regarding the best strategies for developing and exercising it (Bennis, 2007; Hackman & Wageman, 2007; Vroom & Jago, 2007). The notion of leadership is that it continues to attract generations of researchers as we viewed leadership as an important feature of organization affairs. Effective leadership is instrument in ensuring organization performance (Cumings and Schwerb,1973,Hellriegel, Jackson, Sloccun,Staude ,Anos ,Low and Oosthuizen 2004) .Realizing the important linkage between leadership and organization performance , increasing number of organizations are beginning to pay more attention to the needs on how to develop effective leaders in their organization The boon and downfall stories of a leader are controlled by the styles of leadership of individual leader. Studies uncovered that the accomplishment of organizations linked in to the leadership styles of the leaders. Despite the widespread acknowledgment of the importance and value of leadership, when studying the leadership literature, it is argued that the concept of leadership lacks coherence and agreement

Table 2 : Leadership and organisational performance

Author	Focus	Findings
Macoby(1978), in Botha (2001)	Demonstrate importance of leadership in business area	The need of firms to flourish in the world of escalating competitiveness, technological advances, of altering government regulations and of changing employee attitudes, requires an advanced level of leadership more than ever before.
Bass (1990),Woodman	Impact of leadership	The behaviour is significantly

(1993),Goleman(2003)	behaviour on organisation performance	related to organisation performance
Collins (2001)	Trying to identify what it was that enabled some companies to be continuously successful through negative and positive external conditions	Identified leadership as one of key factors that contributed to greatness of successful companies
Jeefey (2001).	The importance of leadership for organisations.	The theory of impact of leadership on organisations is totally false
Zaacaro&klimosoky2001&yuki (2001)	Focus on effective leadership in organisations.	Without effective leadership productivity ,innovation and profits in organisation would not only be affected but also the survival and future of organisation would be at risk
Anderson (2002).	Focused on leadership behaviour on organisational performance	There is no association between leadership and organisation performance

Table 3: Leadership styles and performance of SMEs

Author	Focus	Findings
Paracha ,Adnan Qamar , Anam Mirza,(2002)	Leadership styles in private schools in Pakistan leads to increased employee performance	Both transactional and transformational styles are positively associated with employee performance but transactional is the significant predictor of employee performance
Elenkov (2002)	Relationship of leadership on organisation performance in Russian companies.	Transformational leadership directly and positively predicted organisation performance over and above the impact of transactional leadership.
Lin (2003)	Investigated effect of employee perception of leaders leadership style in SMEs in Taiwan.	Transformational leadership style positively predicted job satisfaction whereas transactional and laisezz-faire styles significantly and inversely predicted job satisfaction.
Hancott (2005)	Relationship between transformational leadership and organisation performance in top 100 public co. in Canada	Transformational leadership was common style practiced by leaders of best performing public companies in Canada.

Pedraja-Rejas Rodriguez-ponce ,Delgado –Almonte (2006)	Investigated the effect of transformational and transactional leadership in small co. in Chile.	Though there was dominance of transactional leadership style but transformational leadership style influences effectiveness of firm more than transactional and laisez-faire style.
Fu jin.et.al (2010)	Nature of relationship between leadership and organisation performance	Positive relation between leadership style and organisation performance
Valdiserri, Glenn A Wilson, John L. .(2010).	Examine the relationship between leadership and organisation profitability and success on small construction business from Pennsylvania	Stronger and more positive relationship between transformational, transactional and dependent variables then between laisezz faire leadership style and dependent variables
Obiwuru,akwa,akpa,nwankere(2011)	Survey of SMEs in Nigeria regard effect of leadership style on organisation performance effective leadership style	Transactional leadership style had a significant and negative effect on performance ,transformational leadership style had positive but insignificant effect on performance
Pradeep&Prabhu(2011)	Effective leadership style and employee performance in India	Leadership positively linked with employee performance for both transformational and transactional contingent reward behaviour.
Mutera(2012)	Leadership in public sector executives	Both behaviour positively related to organisation performance but

		transformational leadership behaviour positively contributed to organisation performance over and above the contribution made by transactional leadership.
SarminahSamad and Zaini Abdullah (2012)	Examine the influence of leadership style on performance of logistic co by taking a sample of 150 managerial staff in Malaysian logistic companies	All of the leadership style were related and contributed significantly to organisation performance transformational has significantly enhanced the performance of an organisation
Ms srinivas rao(2012)	Aim was to analyze the effects of both leadership styles and entrepreneurial orientation on business performance at Micro, Small and medium enterprises in Visakhapatnam, A.P, India.	Significant conclusions from the study are that transactional leadership is significantly more correlated to the business performance than is transformational leadership
RoslanAbdulAziz,,AnasTajudin(2013)	Effect of different leadership style on performance on SMEs in Malaysia	Significant relationship found between transactional and transformational leadership and business performance but passive avoidant leadership negatively correlated with

		business performance.

PROBLEM STATEMENT AND RESEARCH GAP

1. Although ,conventional views have generally assumed that some scholars do believe that leadership enhances organizational performance , however it is argued to this contrary general opinion stating that these findings are inconclusive and difficult to interpret. Apparently the intent is to re-examine the proposed leadership-performance relationship.

2. Small business literature suggests not much research effort have been made to examine the leaders and type of leadership style adopted in SMEs (Indian context).

3. Even though the previous studies of leadership counterpoints about limited researches which did comparison about perception of leaders and raters on leadership style. However this study makes an attempt to bridge the gap.

OBJECTIVES

The study aims at making meaningful inquiry and investigates into the effect of leadership style on performance of small and medium enterprises (SMEs).

1. To investigate the dominant leadership style used by managers/promoters in SMEs (assessed by raters).
2. To evaluate the difference in perception of leader and rater regarding the leadership style used by managers/promoters in SMEs.
3. To study the degree of effect of transformational leadership style on organisational performance in SMEs.
4. To study the degree of effect of transactional leadership style on organisational performance in SMEs.

HYPOTHESES

In order to unravel the complexities of the analysis discussed above (Literature review), few hypotheses were formulated which counterpoints on the linear dependency of leadership style and organization performance. The aim of this survey is to resolve the complexity of the relationship between leadership and organisation performance of SMEs in Indian context

- **H1o** There is no significant difference in the perception of leader and raters for the leadership style of promoter/manager.

- **H2o** : There is no significant relationship between transformational leadership style and organization performance

  Transformational leadership was branched into below sub hypothesis

  1. **H2a** There is no significant relationship between idealized influence(attributed) and organisational performance.
  2. **H2b** There is no significant relationship between idealized influence (behaviour) and organisational performance.
  3. **H2c** There is no significant relationship between inspirational motivation and organisational performance.
  4. **H2d** There is no significant relationship between intellectual stimulation and organisational performance.
  5. **H2e** There is no significant relationship between individualized consideration and organisational performance.

- **H3o** There is no significant relationship between transactional leadership style and organisational performance.

  Transactional Leadership behaviours were further split to down sub hypothesis.

  1. **H3a** There is no significant relationship between contingent reward and organisational performance.
  2. **H3b** There is no significant relationship between management by exception (active) and organisational performance.
  3. **H3c** There is no significant relationship between management by exception – (passive) and organisational performance.

RESEARCH METHODOLOGY

This section represents an overview of the methods to be used in the study. Areas covered include the research design population, sample and sampling techniques, data collection and compliance with ethical guidelines.

RESEARCH DESIGN

The study being undertaken is exploratory and casual in nature. The major purpose of exploratory research is to explore the type of leadership style adopted by SMES operating in state of Rajasthan and its relationship with the organisation performance.

POPULATION OF SMEs IN RAJASTHAN

Table 3: Population of SMEs in Rajasthan

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total up to 2013
Small	617	552	701	697	865	1028	3389
Medium	10	12	13	23	36	43	137
Total	627	564	714	720	901	1071	3526

Source: All India census report of MSMEs by GoI

A sample size of 370(368) SMEs has been targeted from the total population of 3526 SMEs in Rajasthan with the help of SLOVIN'S formula. Below is the formula used

$$n=N/1+N(e)2.$$

Where n is the sample size, N is the population size, and e is the level of precision. A95%confidence level and p=.5 are assumed.

Table3: Profile of SMEs

Nature of Business	Number of units	Percentage
Chemicals	48	13
Food products	35	9
Gems and Jewellery	44	12
Handicraft	54	15
Handloom	32	9
Leather Products	41	11
Marbles slabs	58	16
Textiles	38	10
Services	20	5
Total	**370**	**100**

Source: Author's processed

SAMPLING DESIGN

The study had used stratified random sampling .Stratification has been done on the basis of following parameters.

- Industry Classification(Manufacturing and Service)
- Industry sector (gems and jewelry, woolen, carpets, handicrafts etc.
- Place of Business(Urban ,Rural)

DATA COLLECTION INSTRUMENT

1. The survey was completed through a well-structured questionnaire i.e. multi factor leadership questionnaire (MLQ -5X).
2. License for the standard version(MLQ-5x) was taken for this research study

3. The efficient and effective administration & implementation of survey significantly influences the overall success of data generation & achievement of satisfactory responses (Dillman 1978,Churchill:1991:&Dickinson 1992).
4. The MLQ (Multi factor Leadership Questionnaire) was developed by Bass &Avolio(1990)and is the most widely utilized instrument for measuring leadership styles.
5. The recent version utilizes 9 leadership dimensions that help to identify various leadership styles
    1. Attributed idealized influence
    2. Behavioral idealized influence
    3. Inspirational motivation
    4. Intellectually stimulation
    5. Individualized consideration
    6. Contingent reward
    7. Active management by exception
    8. Passive management by exception
    9. Laissez –faire leadership
6. The study covered 32 questions to measure transformational and transactional leadership style. Also the independent variables includes two leadership components.
7. Transformational leadership, which is described as when leaders raise the awareness levels of their subordinates and inspires them to commit to a shared vision.
8. Transactional leadership, which relies primarily on an exchange of services and rewards between leaders and subordinate (Bass & Avolio, 2000).
9. In addition, the dependent variable is organizational performance of SMEs.

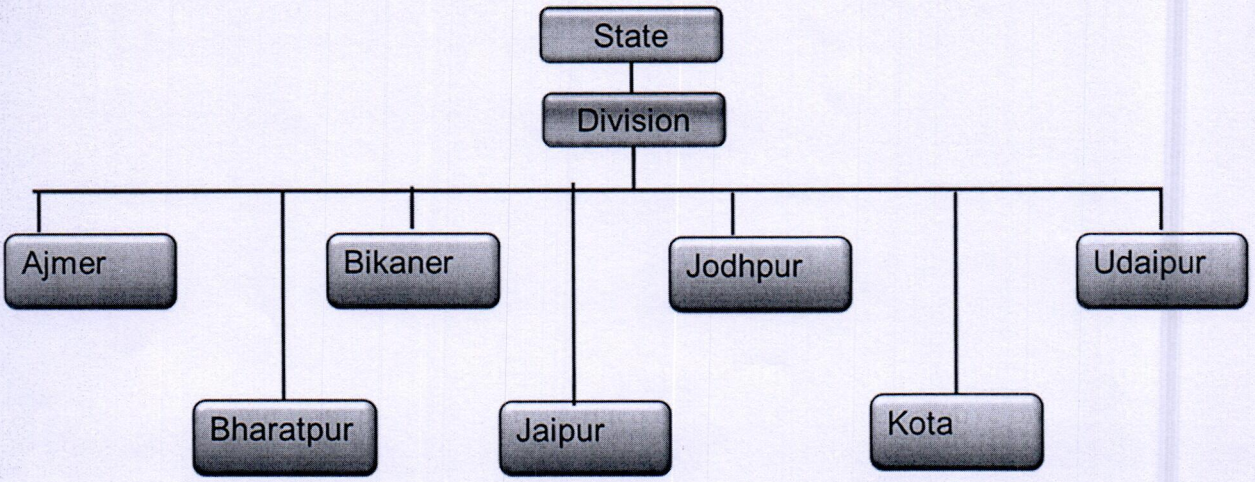
ORGANIZATION PERFORMANCE

- Organizational performance was measured using the five items adapted from previous studies. These incorporate
    1. Return on investment (ROI)
    2. Sales growth rate
    3. Return on asset (ROA)
    4. Customer retention
    5. Growth in number of employee

DATA COLLECTION METHOD

PRIMARY DATA

1. A pilot test was carried out before the actual survey is undertaken
2. MLQ questionnaire was used in gathering relevant data from stratified random sample of 370 SMEs operating in Rajasthan area (for this the researcher used the 7 divisions of Rajasthan and from each division selected one city as a representative of that division.



3. The aim of the questionnaire was to collect information and relative data to meet the research objectives of the study.
4. The purpose of survey research was to generalize from a sample of participants to a population so that inferences can be made in regards to the perceptions, attitudes, or behaviors or the population (Strahan, et al., 2003) (Sekaran 2000) suggests that questionnaires are an efficient data collection mechanism provided the researcher knows exactly what is required and how the variables of interest measure.
5. Two forms of survey instruments were used to collect data leader survey questionnaire and the rater survey questionnaire.
6. The leader survey questionnaire consists questions regarding their leadership style (self rating) and the performance of the organization.
7. The rater survey questionnaire questioned respondent about the leadership style of their leaders. Both survey instruments includes questions, designed to collect background and demographic data

SECONDARY DATA

Published research and studies, articles appeared in various newspapers, journals and Magazines.

1. Annual report of SMEs in Rajasthan
2. All India census report of SMEs
3. National small industries corporation
4. Rajasthan chamber of Commerce and Industry
5. SMEs chamber of India
6. Riico(Rajasthan State Industrial Development & Investment Corporation Ltd)

ETHICAL CONSIDERATION

1. Ethical consideration implies involving issues of harm, consent, deception, privacy and the confidentiality of data were recognized.

2. While collecting data from the respondents, they were briefed on the academic objective of the study

3. In keeping with the ethical guidelines, individual names, addresses and specific name of the organization employed were not used in the study.

DATA ANALYSIS FINDINGS

Descriptive statistics was used for data screening and testing the suitability of the data for advanced statistical analysis

Demographics

Considering the past studies w.r.t to leadership, demographic variable is selected as controlled variable.

RELIABILITY OF INSTRUMENTS

Table provides the reliability coefficients for each of the subscales and for the whole instrument of Multi factor Leadership Questionnaire

Multi factor leadership instrument	Reliability (cronobach's alpha)
Transformational leadership	
Idealized influence(attribute)	0891
Idealized influence(behavior)	0.910
Intellectual stimulation	0.904
Inspirational motivation	0.907
Individual consideration	0.910
Transactional	
Contingent reward	0933.
Management by exception(active)	0.866
Management by exception(passive)	0.649

Source: Author's processed

- The reliability coefficient (cronobach's alpha) of the scale of measuring the performance of organizations is 0.930
- Validity for the instruments was checked in many previous studies by experts and hence it is to be considered as a validated tool for measuring the leadership style.
- The convergent and discriminant validity for the instrument has been checked in the study.
- A smooth &accurate analysis of the data advanced statistical analysis software like statistical packages for social science (SPSS) was used for multivariate data analysis. Finally an overall analysis will be done to draw inferences about the various responses and the result of the analysis are drawn to support effective conclusions about the objectives of the research study.
- The testing of hypotheses was done and bivariate and multivariate techniques have been analyzed

SUMMARY OF RESULTS

Tables provides a summary of the various tests used in the study for testing of Hypotheses

Hypothesis	Variables tested	Statistical techniques	Results
H1o	Compare the perception of leaders	t- test	Rejected null hypothesis

	and employees regarding leadership style		
H2o	Relation between transformational style and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H2a	Relation between idealized influence(attributed) and organization performance	Co-relation and multiple regression	Rejected null hypothesis
H2b	Relation between idealized influence(behavior) and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H2c	Relation between inspirational motivation and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H2d	Relation between intellectual stimulation and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H2e	Relation between individualized consideration and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H3o	Relation between transaction leadership style and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H3a	Relation between contingent reward and organization performance	Co-relation and Multiple regression	Rejected null hypothesis
H3b	Relation between management by exception active and organization	Co-relation and Multiple regression	Rejected null hypothesis

	performance		
H3c	Relation between management by exception passive and organization performance	Co-relation and Multiple regression	Rejected null hypothesis

Source: Author's processed

CONCLUSIONS

1. Primarily, the objective of this research was to ascertain the connection between the transactional and transformational leadership style and organizational performance of small and medium scale enterprises in India. The results unfold that transformational leadership style and transformational leadership styles do have a positive relationship with performance of the organization.
2. Thereupon based on this survey, leadership style that is commonly used by the leaders in the organization is the transformational leadership style.
3. Among the two leadership style, transformational style subsidize to the firm performance due to their fascination and providing the vision and apparently getting respect for the same.
4. Moreover, because of solitary consideration and getting trustworthy position from the employees in turn proceeds with better organizational performance in SMEs
5. Although the transactional leadership is crucial predictor to organizational performance, but is fragile than transformational leadership style, as in the case of contingent rewards. It is seen that rewards or appraisal given by managers to the followers are not considered as valuable or worth.
6. As far as managers are not able to comprehend the employees desires, administering incentives or benefits will turn out be distracted, ambiguity and nominal transactional effect in leader-follower relationships.
7. Additional element of transactional leadership style (management by exception-) is very weak predictor of organizational performance of SMEs.

LIMITATIONS

1. Research focused only on firms operating in Rajasthan, thereby the results of this research may not be applicable to firms outside Rajasthan.
2. This study included only the MLQ dimensions of transformational and transactional leadership of Bass and associates, and therefore limited the possibility of getting a totally different factor structure underlying transformational and transactional leadership.

RECOMMENDATIONS

1. Although Transformational leadership is the most suitable leadership style to sustain the growth and development of SMEs, however Transactional leadership may also be applied and used considering on the situation and nature of the assignment.
2. Training of management/senior staff on leadership style should be legitimitate in order to endow them on the needs, to be proactive and responsive to today's dynamic work environment for better performance.

FUTURE RESEARCH POTENTIAL

1. The outlook of the comparison and examination can be further increased and fortified to involve added variables (organization culture, trust in leaders) in forthcoming and subsequent studies.
2. Laiseez faire leadership style can also be used in future study.
3. Although the current study do not evaluate employee performance, however literature review counterpoints that states that transactional and transformational leadership styles do accounts for employee performance. Hence a review and exploration on the relationship between employee performance and their satisfaction might help small business owners and executives with intense knowledge.
4. The SMEs surveyed in the study comprises of a very small number of Service SMEs ,which could be considered for future research enhancement.

ORGANISATION OF THE THESIS

The study has been organized in five chapters. A brief outline of the various chapters is as Follows:

Chapter 1: Is an introduction of the thesis. It briefly explains the introduction, underlines the Objectives, the need and significance of the study.

Chapter 2: Provides an present scenario of SMEs in India with its contribution to Indian economy.

Chapter 3: Illustrates the research work that has taken place globally with reference to Leadership style and organizational performance ,specifically transformational and transactional leadership style in SMEs.

Chapter 4: Explains description of sampling, tools of data collection, and tools of data analysis.

Chapter 5: Explains data analysis, interpretation and discussion of findings. along with reliability and validity of instrument

Chapter 6: is devoted to conclusions and implications. This chapter also discusses the limitations and scope for future research

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